

SECRET

14 November 1961

Honorable David E. Bell
 Director
 Bureau of the Budget
 Washington 25, D.C.

Dear Mr. Bell:

In your letter of 25 September 1961 you requested that if the Agency's budget proposal for Fiscal Year 1963 exceeded your established planning total of [redacted] 25X1 the budget should include an alternate plan which would bring the Agency's proposal within this amount. As we then advised you, our budget had already been prepared for submission when we received your letter and our request in the budget as prepared totaled [redacted] in excess of your planning total mentioned above.

As you know, I will be turning over my functions in a few days to my successor, Mr. John A. McCone, and he will have the responsibility of directing the Agency's activities for the Fiscal Year for which we are now planning. Savings of the magnitude suggested by you can only be achieved in one of two ways, i.e., (a) by a major reprogramming of our activities, including the elimination of certain major elements of our work, or (b) by reducing the request for funds in the field of action and equipment in [redacted] 25X1

[redacted] and eliminating the request for any restoration of the Reserve.

I am sure you would agree with me that Mr. McCone should have an opportunity to be consulted after he assumes his duties before the first alternative is adopted in view of its important effect upon the carrying out of the Agency's program.

The second alternative, which I will outline below, would particularly affect national security programs in which this Agency has been asked to play an important supporting role, and we frankly feel that to effect these reductions would limit our financial capability to take prompt action in support of our programs for national security.

(EXECUTIVE SECRET) *Barry Goldwater*
 (1)
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If it is determined, in the light of our national security considerations, that the reductions which you have suggested should be made in our budget, we would propose the following, although we recognize that this might only mean transferring certain expenditures from our budget to the [redacted]

25X1

[redacted] and if the critical situations in the Caribbean, Southeast Asia and elsewhere in the world continue to face us in Fiscal Year 1963; also, this procedure would mean a serious reduction in our Reserve for Contingencies:

Reduction in CIA Budget Under Second Alternative:



25X1

Sincerely,

Allen W. Dulles
Director

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CONCUR:



25X1

L. K. White
Deputy Director
(Support)

14 Nov 61